TEXAS DEPARTMENT OF INSURANCE
Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
Sentrix Pharmacy and Discount LLC

Respondent Name
Dallas Area Rapid Transit

MFDR Tracking Number
M4-17-2763-01

Carrier's Austin Representative
Box Number 15

MFDR Date Received
May 18, 2017

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "62 – No proof of pre-auth (TX02)

RESPONSE 28 TAC §134.530 clearly states that preauthorization is only required for any compound that contains a drug identified with a status of 'N' in the current edition of the ODG Worker's Compensation Drug Formulary. In case of the claim(s) as issue, all of the ingredients are identified with a 'Y' in the July 2016 formulary. The ingredients in the compounded medications subject to the claims at issue are included on the closed formulary."

Amount in Dispute: $2,488.99

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "ESIS stand upon its original denial for the following reasons:

… compound medications are considered experimental in nature and therefore require preauthorization. Preauthorization was not obtained for the compound medication in question, therefore the provider is not entitled to reimbursement."

Response Submitted by: ESIS

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
July 18, 2016	Pharmacy Services – Compound	$2,488.99	$2,488.99

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.

3. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
4. 28 Texas Administrative Code §134.540 sets out the closed formulary requirements for claims subject to certified networks.
5. Texas Insurance Code, Chapter 4201 provides requirements related to utilization review.
6. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
   - 62 – NO PROOF OF PRE-AUTH
   - 1 – ORIGINAL DCN 32946249
   - 2 – ORIGINAL DCN 33177879
   - 3 – ORIGINAL DCN 33192784
   - 18 – DUPLICATE CLAIM/SERVICE

Issues

1. Is the insurance carrier's reason for denial of payment supported?
2. Is Sentrix Pharmacy and Discount LLC (Sentrix) entitled to reimbursement of the disputed services?

Findings

1. Sentrix is seeking reimbursement of $2,488.99 for a compound dispensed on July 18, 2016. Dallas Area Rapid Transit denied the disputed service with claim adjustment reason code 1 – "No proof of pre-auth", 1 – "Original DCN 32946249", 2 – Original DCN 33177879", 3 – "Original DCN 33192784" and 18 – "Duplicate claim/service." 28 Texas Administrative Code §134.540(b) states that preauthorization is **only** required for:

   (1) drugs identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary,* and any updates;
   (2) any compound that contains a drug identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary,* and any updates; and
   (3) any investigational or experimental drug for which there is early, developing scientific or clinical evidence demonstrating the potential efficacy of the treatment, but which is not yet broadly accepted as the prevailing standard of care as defined in Labor Code §413.014(a).

   Provision §134.540(b)(1) preauthorization requirement is not discussed in this dispute because it was not asserted by either party in this dispute and is not applicable to the compound in question.

   While not asserted by Dallas Area Rapid Transit, Sentrix was not required to seek preauthorization pursuant to §134.540(b)(2) because none of the compounded ingredients have a status of "N" in the current edition of the ODG/Appendix A.

   ESIS, on behalf of Dallas Area Rapid Transit, argued that "compound medications are considered experimental in nature and therefore require preauthorization."

   The determination of a service's investigational or experimental nature is not subject to the *Official Disability Guidelines* (ODG). Instead, it is determined on a case by case basis as a utilization review pursuant to Texas Insurance Code §4201.002. Further, Texas Insurance Code §4201.002(13) states that utilization review, in relevant part, "includes a system for prospective, concurrent, or retrospective review to determine the experimental or investigational nature of health care services."

   The division found **no evidence** that Dallas Area Rapid Transit engaged in a prospective or retrospective utilization review (UR) as required by Texas Insurance Code §4201.002 in order to establish that the following compound is investigational or experimental in nature:

Compound Cream in Dispute	
Ingredient	Amount
Salt Stable LS Base	170.40 gm
Baclofen	9.60 gm
Amantadine	19.20 gm
Amitriptyline	4.80 gm

Gabapentin	12.0 gm
Ketoprofen	24.0 gm

Because Dallas Area Rapid Transit failed to perform UR on the above listed compound, the requirement for preauthorization under §134.540(b)(2) **is not triggered** in this case. Dallas Area Rapid Transit's preauthorization denial is therefore not supported.

Absent any evidence that Dallas Area Rapid Transit presented other defenses to Sentrix before medical fee dispute resolution that conform with the requirements of Title 28, Part 2, Chapter 133, Subchapter C, the division finds that the compounds in question are eligible for reimbursement.

2. 28 Texas Administrative Code §134.503 applies to the services in dispute and states, in pertinent part:

(c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:
(1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
(A) Generic drugs: ((AWP per unit) x (number of units) x 1.25) + $4.00 dispensing fee per prescription = reimbursement amount;
(B) Brand name drugs: ((AWP per unit) x (number of units) x 1.09) + $4.00 dispensing fee per prescription = reimbursement amount;
(C) When compounding, a single compounding fee of $15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or
(2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
(A) health care provider; or
(B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compounds in dispute were billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2). Reimbursement is calculated as follows:

Ingredient	NDC & Type	Price/Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Salt Stable LS Base	00395602157 Brand	$3.36	170.40 gm	$3.36 x 170.40 x 1.09 = $624.07	$572.47	$572.47
Baclofen	38779038808 Generic	$35.63	9.6 gm	$35.63 x 9.6 x 1.25 = $427.56	$341.99	$341.99
Amantadine HCL 8%	38779041109 Generic	$24.23	19.20 gm	$24.23 x 19.20 x 1.25 = $581.40	$465.19	$465.19
Amitriptyline 2%	58597800308 Generic	$19.15	4.8 gm	$19.15 x 4.8 x 1.25 = $114.90	$91.84	$91.84
Gabapentin 5%	58597801407 Generic	$62.84	12.0 gm	$62.84 x 12.0 x 1.25 = $942.60	$754.16	$754.16
Ketoprofen 10%	58597801707	$10.970	24.0 gm	$10.97 x 24.0 x 1.25 = $329.10	$263.34	$263.34
					Total	$2,488.99

The total allowable reimbursement for the compound in dispute is $2,488.99. This amount is recommended.

Conclusion

For the reasons stated above, the division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is $2,488.99.

ORDER

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor $2,488.99, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

Authorized Signature

		11/21/2017
Signature	Medical Fee Dispute Resolution Officer	Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012**.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.